

OSKALOOSA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

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**Oskaloosa Community School District
Board of Education and School District Officials
Year ended June 30, 2014**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Susan Boxler	President	2013
Laurie Fiscella	Vice President	Resigned June 2013
Tom Richardson	Vice President	2013
Anne Whitis	Board Member	2013
Lin Yoder	Board Member	2013
Charlie Comfort	Board Member	2015
Nik Rule	Board Member	2015
David Meinert	Board Member	Appointed June, 2013
(After September 2013 Election)		
Carl Drost	President	2017
Tom Richardson	Vice President	2017
Charlie Comfort	Board Member	2015
Neal Hadden	Board Member	2015
Shawn Moyer	Board Member	2015
Nik Rule	Board Member	2015
Shelly Herr	Board Member	2017
School District Officials		
Russell Reiter	Superintendent	2014
Chad Vink	District Secretary/Treasurer	2014
Greg Life	Attorney	Indefinite
James Hanks	Attorney	Indefinite



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Oskaloosa Community School District
Oskaloosa, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District as of June 30, 2014, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 13 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oskaloosa Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the one year ended June 30, 2005, and we audited the financial statements for the eight years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the Oskaloosa Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oskaloosa Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 29, 2014

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. This analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

FINANCIAL HIGHLIGHTS

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Bonds associated with the School Infrastructure Local Option Sales Tax were refinanced in 2008 and retired in 2012. The bonds associated with the Local Option Sales and Services Tax for the City of Oskaloosa and Mahaska County were refinanced in 2011 and, as provided by an agreement among the parties, are scheduled to mature in 2017. The facts of the District's long-term debt are detailed in the Notes to Financial Statements. Revenues in excess of the projected requirements and the statutory change from School Infrastructure Local Option Sales Taxes to a statewide Secure an Advance Vision for Education Fund sales tax have made repayments on all bonds predictable.

General Fund revenues increased from \$23,363,417 in fiscal year 2013 to \$24,066,394 in 2014, while General Fund expenditures also increased from \$23,284,213 in 2013 to \$24,277,846 in fiscal year 2014. This resulted in a change in the District's General Fund fund balance from \$1,755,685 in fiscal year 2013 to \$1,551,484 in 2014, a decrease of \$204,201.

The increase in revenues occurred due to increasing enrollment that is the basis of State Aid receipts. The increase in expenditures was attributable to personnel adjustments due to the increasing enrollment, as well as investments in certain curricular materials for our primary grades.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2010 – \$63,379; 2011 – \$13,327; 2012 – \$14,213; 2013 – \$9,196; and 2014 - \$7,706.

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as School Nutrition.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual financial report are arranged and relate to one another.

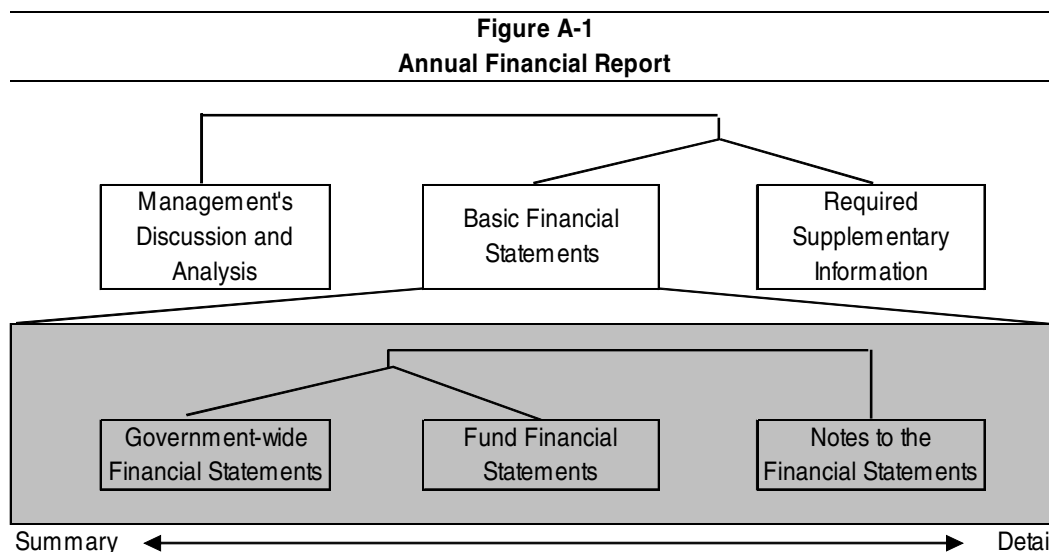


Figure A-2 summarizes the major features of the Government-wide and Fund Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net financial position and how it has changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health.

Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State Aid finance most of these activities.

Business Type Activities: The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

Governmental Funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Proprietary Funds. Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund and Student Construction Fund are the only proprietary funds that the District maintains.

Fiduciary Funds. The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

While the District does not currently hold any fiduciary funds, it is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Comparative condensed financial statements are presented in Figure A-3.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 17,828	17,634	60	30	17,888	17,664	1.3%
Capital assets	27,200	28,217	127	146	27,327	28,363	-3.7%
Total assets	45,028	45,851	187	176	45,215	46,027	-1.8%
Long-term liabilities	3,310	4,948	29	23	3,339	4,971	-32.8%
Other liabilities	12,658	12,625	249	255	12,907	12,880	0.2%
Total liabilities	15,968	17,573	278	278	16,246	17,851	-9.0%
Net position:							
Invested in capital assets, net of related debt	24,431	23,741	127	146	24,558	23,887	2.8%
Restricted	4,019	3,609	-	-	4,019	3,609	11.4%
Unrestricted	610	928	(218)	(248)	392	680	-42.4%
Total net position	\$ 29,060	28,278	(91)	(102)	28,969	28,176	2.8%

**Oskaloosa Community School District
Management's Discussion and Analysis
Year ended June 30, 2014**

Figure A-4 shows the change in net assets for the year ended June 30, 2014.

Figure A-4 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	\$ 1,188	1,078	673	617	1,861	1,695	9.8%
Operating grants, contributions and restricted interest	4,002	4,002	741	694	4,743	4,696	1.0%
General revenues:							
Property tax	9,081	9,080	-	-	9,081	9,080	0.0%
Statewide sales, services and use tax	2,130	2,153	-	-	2,130	2,153	-1.1%
Unrestricted state grants	11,324	10,867	-	-	11,324	10,867	4.2%
Unrestricted investment earnings	16	17	-	-	16	17	-5.9%
Other	408	326	-	-	408	326	25.2%
Total revenues	28,149	27,523	1,414	1,311	29,563	28,834	2.5%
Program expenses:							
Governmental activities:							
Instruction	16,930	15,800	146	191	17,076	15,991	6.8%
Support services	8,012	8,007	25	4	8,037	8,011	0.3%
Non-instructional programs	-	2	1,232	1,249	1,232	1,251	-1.5%
Other expenses	2,425	2,631	-	-	2,425	2,631	-7.8%
Total expenses	27,367	26,440	1,403	1,444	28,770	27,884	3.2%
Change in net position	\$ 782	1,083	11	(133)	793	950	-16.5%

Governmental Activities

The revenues and other financing sources for governmental activities were \$28,148,770 and expenses were \$27,366,681.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services		Change	Net Cost of Services		Change
	2014	2013	2013-2014	2014	2013	2013-2014
Instruction	\$ 16,930	15,800	7.2%	12,710	11,672	8.9%
Support services	8,012	8,007	0.1%	7,986	7,963	0.3%
Non-instructional	-	2	-	-	2	-
Other expenses	2,425	2,631	-7.8%	1,481	1,723	-14.0%
Totals	\$ 27,367	26,440	3.5%	22,177	21,360	3.8%

- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,002,096.
- The net cost of governmental activities was financed with \$9,080,690 in local property tax, \$2,129,805 in statewide sales, services, and use taxes, \$11,323,997 in unrestricted state grants, and \$15,869 on investment earnings.
- The revenues for the District's governmental activities increased due to higher State Aid and property tax levy receipts as a result of increasing enrollment. The enrollment increase caused an increase in expenditures due to personnel adjustments as well as investments in certain curricular materials for our primary grades. The financial strength of the District is stable, with budget-balancing actions causing a 6.4% General Fund solvency ratio.

Business Type Activities

Revenues of the District's business type activities were \$1,414,126 and expenses were \$1,402,247. Revenues included \$673,031 in charges for services, \$741,030 in state and federal grants, and \$65 in interest on investments. The School Nutrition Fund comprises the primary business-type activity for the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances increased a total of \$144,638 over the previous fiscal year. The individual fund balance changes were as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 1,755,685	(204,201)	1,551,484
Capital Projects	2,485,486	152,719	2,638,205
Non-major Funds	813,609	196,120	1,009,729

The total receipts for governmental funds were greater than disbursements due to lower bond payments. Budgeted revenues were both less and more than actual revenues due to a change of account coding at the State level during the fiscal year that was not anticipated at the time of budget certification. Actual expenditures exceeded budgetary amounts during the fiscal year only in the Instruction category due to the purposeful acquisition of instructional materials for the primary grades.

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following the required public notice and hearing for all funds. This is referred to as the Certified Budget. It may be amended during the year using similar statutorily prescribed procedures. During the 2014 fiscal year, the District amended expenditures in the Support Services and Non-instructional Programs categories.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the 2014 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

Figure A-6 Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$ 65	65	-	-	65	65	0.0%
Buildings	25,269	26,246	-	-	25,269	26,246	-3.7%
Improvements other than buildings	961	1,017	-	-	961	1,017	-5.5%
Furniture and equipment	905	889	127	146	1,032	1,035	-0.3%
Totals	\$ 27,200	28,217	127	146	27,327	28,363	-3.7%

Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$3,309,565 for the District as of June 30, 2014.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands)			
	Total District		Total Change
	June 30,		June 30,
	2014	2013	2013-2014
Revenue bonds payable	\$ 2,445	3,465	-29.4%
Unamortized bond premium	12	17	0.0%
Capital notes payable	-	340	-100.0%
Lease purchase agreement	311	671	-53.7%
Early retirement	173	143	21.0%
Compensated absences	47	50	-6.0%
Other post employment benefits	322	262	22.9%
Totals	\$ 3,310	4,948	-33.1%

FACTORS BEARING ON THE DISTRICT'S FUTURE

Substantial parts of General Fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's Certified Enrollment to establish the Combined District Cost. The Certified Enrollment determined in October of 2014 indicated that funding related to enrollment would increase slightly. The District's Administration will continue to monitor student enrollment as it relates to the state and federal funding generated.

A substantial part of General Fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, the Board of Directors will be forced to reduce the expenditure budget with cuts in staff.

CONTACTS

For information regarding this report, contact Chad M. Vink, School Business Official, Oskaloosa Community School District, 1800 North 3rd Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

Basic Financial Statements

Oskaloosa Community School District
Statement of Net Position
June 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,098,756	47,433	7,146,189
Receivables:			
Property tax:			
Delinquent	73,796	-	73,796
Succeeding year	8,971,961	-	8,971,961
Income surtax	114,415	-	114,415
Accounts	210	69	279
Due from other funds	173,822	397	174,219
Due from other governments	1,395,445	-	1,395,445
Inventories	-	12,565	12,565
Capital assets, net of accumulated depreciation	27,199,726	126,708	27,326,434
Total assets	45,028,131	187,172	45,215,303
Liabilities			
Accounts payable	912,380	1,734	914,114
Salaries and benefits payable	2,629,834	73,874	2,703,708
Due to other funds	397	173,822	174,219
Accrued interest payable	29,308	-	29,308
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	284,253	-	284,253
Revenue bonds	1,025,000	-	1,025,000
Early retirement	93,363	-	93,363
Compensated absences	47,009	-	47,009
Portion due after one year:			
Obligations under capital lease	27,132	-	27,132
Revenue bonds	1,431,947	-	1,431,947
Early retirement	79,432	-	79,432
Net OPEB liability	321,429	28,571	350,000
Total liabilities	6,881,484	278,001	7,159,485
Deferred Inflows of Resources			
Unavailable property tax revenue	8,971,961	-	8,971,961
Unavailable income surtax revenue	114,415	-	114,415
Total deferred inflows of resources	9,086,376	-	9,086,376
Net Position			
Net investment in capital assets	24,431,394	126,708	24,558,102
Restricted for:			
Categorical funding	371,519	-	371,519
Debt service	524,000	-	524,000
Management levy purposes	715,841	-	715,841
Student activities	293,888	-	293,888
School infrastructure	2,046,607	-	2,046,607
Physical plant and equipment	67,598	-	67,598
Unrestricted	609,424	(217,537)	391,887
Total net position	\$ 29,060,271	(90,829)	28,969,442

See notes to financial statements.

Oskaloosa Community School District
Statement of Activities
Year ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants, Contributions and					
		Charges for	Restricted		Governmental	Business type	
Expenses		Service	Interest		Activities	Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 10,419,368	449,013	2,178,886		(7,791,469)	-	(7,791,469)
Special	3,196,235	197,527	817,072		(2,181,636)	-	(2,181,636)
Other	3,313,926	540,850	36,122		(2,736,954)	-	(2,736,954)
	16,929,529	1,187,390	3,032,080		(12,710,059)	-	(12,710,059)
Support Services:							
Student	888,474	-	-		(888,474)	-	(888,474)
Instructional staff	985,864	-	-		(985,864)	-	(985,864)
Administration	2,263,499	-	-		(2,263,499)	-	(2,263,499)
Operation and maintenance of plant	2,560,605	-	-		(2,560,605)	-	(2,560,605)
Transportation	1,314,005	655	26,344		(1,287,006)	-	(1,287,006)
	8,012,447	655	26,344		(7,985,448)	-	(7,985,448)
Other expenditures:							
Facilities acquisition	263,916	-	-		(263,916)	-	(263,916)
Long-term debt interest	70,841	-	-		(70,841)	-	(70,841)
AEA flowthrough	943,672	-	943,672		-	-	-
Depreciation (unallocated)*	1,146,276	-	-		(1,146,276)	-	(1,146,276)
	2,424,705	-	943,672		(1,481,033)	-	(1,481,033)
Total governmental activities	27,366,681	1,188,045	4,002,096		(22,176,540)	-	(22,176,540)
Business type activities:							
Instructional programs:							
Student construction operations	146,073	193,645	-		-	47,572	47,572
Support services:							
Student construction operations	24,750	-	-		-	(24,750)	(24,750)
Non-instructional programs:							
Food service operations	1,231,424	479,386	741,030		-	(11,008)	(11,008)
Total business type activities	1,402,247	673,031	741,030		-	11,814	11,814
Total primary government	\$ 28,768,928	1,861,076	4,743,126		(22,176,540)	11,814	(22,164,726)

Oskaloosa Community School District
Statement of Activities
Year ended June 30, 2014

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Total
			Governmental Activities	Business type Activities	
General Revenues:					
Property tax levied for:					
General purposes			8,492,455	-	8,492,455
Capital outlay			588,235	-	588,235
Statewide sales, services and use tax			2,129,805	-	2,129,805
Unrestricted state grants			11,323,997	-	11,323,997
Unrestricted investment earnings			15,869	65	15,934
Other			324,260	-	324,260
Contributions not restricted to specific programs			76,757	-	76,757
Gain on sale of assets			7,251	-	7,251
Total general revenues			22,958,629	65	22,958,694
Change in net position			782,089	11,879	793,968
Net position beginning of year			28,278,182	(102,708)	28,175,474
Net position end of year			\$ 29,060,271	(90,829)	28,969,442

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Oskaloosa Community School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Assets					
Cash and pooled investments:					
Other	\$ 3,539,972	2,519,349	-	1,039,435	7,098,756
Receivables:					
Property tax:					
Delinquent	62,350	4,844	-	6,602	73,796
Succeeding year	7,474,615	597,348	-	899,998	8,971,961
Income surtax	114,415	-	-	-	114,415
Accounts	210	-	-	-	210
Due from other funds	683,780	-	-	-	683,780
Due from other governments	560,614	834,831	-	-	1,395,445
Total assets	\$ 12,435,956	3,956,372	-	1,946,035	18,338,363
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 665,608	240,952	-	5,820	912,380
Salaries and benefits payable	2,629,834	-	-	-	2,629,834
Due to other funds	-	479,867	-	30,488	510,355
Total liabilities	3,295,442	720,819	-	36,308	4,052,569
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	7,474,615	597,348	-	899,998	8,971,961
Income surtax	114,415	-	-	-	114,415
Total deferred inflows of resources	7,589,030	597,348	-	899,998	9,086,376
Fund balances:					
Restricted for:					
Categorical funding	371,519	-	-	-	371,519
Debt service	-	524,000	-	-	524,000
Management levy purposes	-	-	-	715,841	715,841
Student activities	-	-	-	293,888	293,888
School infrastructure	-	2,046,607	-	-	2,046,607
Physical plant and equipment	-	67,598	-	-	67,598
Unassigned	1,179,965	-	-	-	1,179,965
Total fund balances	1,551,484	2,638,205	-	1,009,729	5,199,418
Total liabilities, deferred inflows of resources and fund balances	\$ 12,435,956	3,956,372	-	1,946,035	18,338,363

See notes to financial statements.

Exhibit D

**Oskaloosa Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2014**

Total fund balances of governmental funds (Exhibit C) **\$ 5,199,418**

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

Land	\$ 64,566	
Buildings	44,108,883	
Improvements	2,985,452	
Vehicles, furniture and equipment	6,985,711	
Accumulated depreciation	<u>(26,944,886)</u>	27,199,726

Long-term liabilities, including bonds payable, unamortized bond premiums, lease obligations, capital loan notes, early retirement and compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Sales tax revenue bonds	(2,445,000)	
Bond premiums, net of accumulated amortization	(11,947)	
Accrued interest payable	(29,308)	
Obligations under capital lease	(311,385)	
Special termination benefits	(172,795)	
Compensated absences	(47,009)	
Other postemployment benefits	<u>(321,429)</u>	(3,338,873)

Net position of governmental activities (Exhibit A) **\$ 29,060,271**

See notes to financial statements.

Exhibit E

Oskaloosa Community School District
Statement of Revenues, Expenditures and changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 7,691,544	588,235	-	800,911	9,080,690
Tuition	499,988	-	-	-	499,988
Other	544,948	7,420	-	548,053	1,100,421
Intermediate sources	-	780,109	-	-	780,109
State sources	14,318,560	1,349,993	-	404	15,668,957
Federal sources	1,011,354	-	-	-	1,011,354
Total revenues	24,066,394	2,725,757	-	1,349,368	28,141,519
Expenditures:					
Current:					
Instruction:					
Regular	10,082,117	85,340	-	159,729	10,327,186
Special	3,184,371	-	-	-	3,184,371
Other	2,697,429	-	-	616,497	3,313,926
	15,963,917	85,340	-	776,226	16,825,483
Support services:					
Student	881,462	-	-	6,746	888,208
Instructional staff	958,409	18,943	-	4,593	981,945
Administration	2,227,547	3,080	-	21,557	2,252,184
Operation and maintenance of plant	2,207,498	31,071	-	310,202	2,548,771
Transportation	1,095,341	134,923	-	33,924	1,264,188
	7,370,257	188,017	-	377,022	7,935,296
Other expenditures:					
Facilities acquisition	-	488,526	-	-	488,526
Long-term debt:					
Principal	-	-	1,719,638	-	1,719,638
Interest and fiscal charges	-	-	91,517	-	91,517
AEA flowthrough	943,672	-	-	-	943,672
	943,672	488,526	1,811,155	-	3,243,353
Total expenditures	24,277,846	761,883	1,811,155	1,153,248	28,004,132
Excess (deficiency) of revenues over (under) expenditures	(211,452)	1,963,874	(1,811,155)	196,120	137,387
Other financing sources (uses):					
Sale of equipment and real property	7,251	-	-	-	7,251
Operating transfers in	-	-	1,811,155	-	1,811,155
Operating transfers out	-	(1,811,155)	-	-	(1,811,155)
Total other financing sources (uses)	7,251	(1,811,155)	1,811,155	-	7,251
Change in fund balances	(204,201)	152,719	-	196,120	144,638
Fund balances beginning of year	1,755,685	2,485,486	-	813,609	5,054,780
Fund balances end of year	\$ 1,551,484	2,638,205	-	1,009,729	5,199,418

See notes to financial statements.

Oskaloosa Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2014

Net change in fund balances - total governmental funds (Exhibit E) **\$ 144,638**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 406,928	
Depreciation expense	(1,423,747)	(1,016,819)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond principal repaid	1,020,000	
Amortization of bond premium	4,625	
Capital loan principal repaid	340,000	
Capital lease payments	359,638	1,724,263

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

16,051

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	(29,446)	
Compensated absences	2,508	
Other postemployment benefits	(59,106)	
		(86,044)

Change in Net Position of governmental activities (Exhibit B) **\$ 782,089**

See notes to financial statements.

Exhibit G

**Oskaloosa Community School District
Statement of Net Position
Proprietary Funds
June 30, 2014**

	Non-major Enterprise
Assets	
Current assets:	
Cash and cash equivalents	\$ 47,433
Accounts receivable	69
Due from other funds	397
Inventories	12,565
Capital assets, net of accumulated depreciation	126,708
Total assets	187,172
Liabilities	
Current liabilities:	
Accounts payable	1,734
Salaries and benefits payable	73,874
Due to other funds	173,822
Total current liabilities	249,430
Noncurrent liabilities:	
Net OPEB liability	28,571
Total liabilities	278,001
Net Position	
Net investment in capital assets	126,708
Unrestricted	(217,537)
Total net position	\$ (90,829)

See notes to financial statements.

Exhibit H

Oskaloosa Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2014

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 673,031
Operating expenses:	
Instructional programs:	
Regular	146,073
Support services:	
Administration	280
Operation and maintenance of plant	24,470
	170,823
Non-instructional programs:	
Food service operations:	
Salaries	334,620
Benefits	148,351
Purchased services	676
Supplies	723,256
Depreciation	24,521
	1,231,424
Total operating expenses	1,402,247
Operating loss	(729,216)
Non-operating revenue:	
Local sources	65
State sources	10,019
Federal sources	731,011
Total non-operating revenue	741,095
Change in net position	11,879
Net position beginning of year	(102,708)
Net position end of year	\$ (90,829)

See notes to financial statements.

Oskaloosa Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 479,317
Cash received from miscellaneous operating activities	193,645
Cash payments to employees for services	(484,283)
Cash payments to suppliers for goods or services	(845,277)
Net cash used by operating activities	<u>(656,598)</u>
Cash flows from non-capital financing activities:	
State grants received	10,019
Federal grants received	644,426
Interfund loan	38,131
Net cash provided by non-capital financing activities	<u>692,576</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(5,478)</u>
Cash flows from investing activities:	
Interest on investments	65
Net cash provided by investing activities	<u>65</u>
Net increase in cash and cash equivalents	30,565
Cash and cash equivalents at beginning of year	<u>16,868</u>
Cash and cash equivalents at end of year	<u><u>\$ 47,433</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating (loss)	\$ (729,216)
Adjustments to reconcile operating (loss) to net cash used by operating activities:	
Commodities used	86,585
Depreciation	24,521
Decrease in inventories	633
(Increase) in accounts receivable	(69)
(Decrease) in accounts payable	(37,740)
(Decrease) in salaries and benefits payable	(6,766)
Increase in other post employment benefits payable	5,454
Net cash (used) by operating activities	<u><u>\$ (656,598)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 47,433
Cash and cash equivalents at year end	<u><u>\$ 47,433</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$86,585 of federal commodities.

See notes to financial statements.

Exhibit J

**Oskaloosa Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	<div>Private Purpose Trust</div> <div>Athletic Endowment</div>
Assets	
Cash and investments	\$ 1,854
Total assets	1,854
Net position	\$ 1,854

See notes to financial statements.

Exhibit K

Oskaloosa Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2014

	Private Purpose Trust
	Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 32
Deductions:	
Instruction:	
Regular	-
Change in net position	32
Net position beginning of year	1,822
Net position end of year	\$ 1,854

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund Accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District reports the following enterprise non-major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Enterprise, Student Construction Fund is used to account for student construction projects.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Estimated
Useful Lives

<u>Asset Class</u>	<u>(In Years)</u>
Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of income surtax receivable and the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the instruction functional area.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments as follows:

	Amortized Cost
Goldman Sachs Financial Square Treasury Obligations Fund	\$ 529,165
ISJIT Diversified Fund	524,023
United States Treasury Notes	96,543
Total	<u>\$ 1,149,731</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investments in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the United States Treasury Notes is not subject to credit risk rating.

(3) Interfund Receivables/Payables

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Activity	30,091
General	Capital Projects, Statewide Sales, Services and Use Ta	479,867
General	Enterprise, Student Construction	149,841
General	Enterprise, School Nutrition	23,981
Enterprise, School Nutrition	Special Revenue, Activity	397
		<u>\$ 684,177</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Ta	\$ 1,438,275
Debt Service	Capital Projects, Physical Plant and Equipment Levy	372,880
		<u>\$ 1,811,155</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,566	-	-	64,566
Total capital assets not being depreciated	64,566	-	-	64,566
Capital assets being depreciated:				
Buildings	44,037,207	71,676	-	44,108,883
Improvements other than buildings	2,893,317	92,135	-	2,985,452
Furniture and equipment	6,842,623	243,117	100,029	6,985,711
Total capital assets being depreciated	53,773,147	406,928	100,029	54,080,046
Less accumulated depreciation for:				
Buildings	17,791,872	1,047,666	-	18,839,538
Improvements other than buildings	1,875,995	149,007	-	2,025,002
Furniture and equipment	5,953,301	227,074	100,029	6,080,346
Total accumulated depreciation	25,621,168	1,423,747	100,029	26,944,886
Total capital assets being depreciated, net	28,151,979	(1,016,819)	-	27,135,160
Governmental activities capital assets, net	\$ 28,216,545	(1,016,819)	-	27,199,726
Business type activities:				
Furniture and equipment	\$ 557,846	5,478	-	563,324
Less accumulated depreciation	412,095	24,521	-	436,616
Business type activities capital assets, net	\$ 145,751	(19,043)	-	126,708

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 113,421
Special	-

Support services:

Administration	7,396
Operation and maintenance of plant	13,880
Transportation	142,774
	<u>277,471</u>

Unallocated depreciation	1,146,276
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Total governmental activities depreciation expense	<u>\$ 1,423,747</u>
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Business type activities:

Food services	<u>\$ 24,521</u>
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(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 143,349	91,103	61,657	172,795	93,363
Lease purchase agreement	671,023	-	359,638	311,385	284,253
Compensated absences	49,517	47,009	49,517	47,009	47,009
Capital loan notes	340,000	-	340,000	-	-
Revenue bonds	3,465,000	-	1,020,000	2,445,000	1,025,000
Revenue bond premium	16,572	-	4,625	11,947	-
Net OPEB liability	262,323	59,106	-	321,429	-
Total	\$ 4,947,784	197,218	1,835,437	3,309,565	1,449,625
Business type activities:					
Net OPEB liability	\$ 23,117	5,454	-	28,571	-

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	4.250%	-	1,094	5.000	25,000	3,588
2016	4.375%	10,000	988	5.150	25,000	2,338
2017	4.500%	15,000	444	5.250	20,000	1,050
Subtotal		25,000	2,526		70,000	6,976
Issue Dated February 1, 2011 Series 2011						
Year ending June 30,	Interest Rates	Principal	Interest			
2015	2.000%	1,000,000	42,594			
2016	2.000%	1,025,000	22,594			
2017	2.000%	325,000	5,234			
Subtotal		2,350,000	70,422			
Total						
Year Ending June 30,	Principal		Interest	Total		
2015	1,025,000		47,276	1,072,276		
2016	1,060,000		25,920	1,085,920		
2017	360,000		6,728	366,728		
	\$ 2,445,000		79,924	2,524,924		

Capital Lease

The District entered into various capital lease arrangements for the purchase of equipment for the District. The following is a schedule of the future minimum payments required under the leases together with their present value as of June 30, 2014:

Year Ending June 30,	Apple, Inc. Capital Lease	
	2012	Total
2015	265,641	265,641
Total minimum lease payments	265,641	265,641
Less amount representing interest	4,643	4,643
Present value of minimum lease payments	\$ 260,998	260,998

Year Ending June 30,	Infomax Office Systems, Inc. Capital Lease	
	2012	Total
2015	23,255	23,255
2016	23,255	23,255
2017	3,877	3,877
Total minimum lease payments	50,387	50,387
Less amount representing interest	-	-
Present value of minimum lease payments	\$ 50,387	50,387

Year Ending June 30,	Total Capital Lease	
	2012	Total
2015	288,896	288,896
2016	23,255	23,255
2017	3,877	3,877
Total minimum lease payments	316,028	316,028
Less amount representing interest	4,643	4,643
Present value of minimum lease payments	\$ 311,385	311,385

Early Retirement Payable

The District offered a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must have been between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District plus one half of the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2014, totaled \$61,657.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,261,103, \$1,175,824, and \$1,080,345, respectively, equal to the required contributions for each year.

(8) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 228 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 143,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contribution	(11,000)
Annual OPEB cost	145,000
Contributions made	(80,440)
Increase in net OPEB obligation	64,560
Net OPEB obligation beginning of year	285,440
Net OPEB obligation end of year	\$ 350,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2014, the District contributed \$80,440.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 157,000	81.53%	\$ 58,000
June 30, 2011	212,000	53.77%	156,000
June 30, 2012	212,032	73.10%	213,032
June 30, 2013	212,408	65.91%	285,440
June 30, 2014	145,000	55.48%	350,000

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,150,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,150,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,000,000, and the ratio of the UAAL to covered payroll was 8.2%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2013 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2013.

Projected claim costs of the medical plan are \$798 per month for retirees who have attained the age of 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$943,672 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Related Party Transaction

The District had business transactions totaling \$163 between the District and District officials during the year ended June 30, 2014.

(12) Financial Condition

The Enterprise Fund-Student Construction had a deficit net position at June 30, 2014 of \$148,875. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

(13) Subsequent Events

The District was involved in an arbitration process with vendors regarding issues with work performed on the High School addition/renovation. The District approved a mutual release and settlement agreement on August 12, 2014.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

Oskaloosa Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	1,461,000	1,461,000	0.0%	\$ 13,791,666	10.6%
2010	July 1, 2008	-	1,461,000	1,461,000	0.0%	13,397,116	10.9%
2011	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,496,428	11.6%
2012	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,565,992	11.5%
2013	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,750,842	11.4%
2014	July 1, 2013	-	1,150,000	1,150,000	0.0%	14,000,000	8.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Oskaloosa Community School District
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2014

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 10,681,099	673,096	11,354,195	13,386,351	13,386,351	(2,032,156)
Intermediate sources	780,109	-	780,109	-	-	780,109
State sources	15,668,957	10,019	15,678,976	13,913,268	13,913,268	1,765,708
Federal sources	1,011,354	731,011	1,742,365	1,575,172	1,575,172	167,193
Total revenues	28,141,519	1,414,126	29,555,645	28,874,791	28,874,791	680,854
Expenditures:						
Instruction	16,825,483	146,073	16,971,556	16,928,128	16,928,128	(43,428)
Support services	7,935,296	24,750	7,960,046	8,226,769	8,426,769	466,723
Non-instructional programs	-	1,231,424	1,231,424	1,160,458	1,310,458	79,034
Other expenditures	3,243,353	-	3,243,353	3,552,465	3,552,465	309,112
Total expenditures	28,004,132	1,402,247	29,406,379	29,867,820	30,217,820	811,441
Excess (deficiency) of revenues over (under) expenditures	137,387	11,879	149,266	(993,029)	(1,343,029)	1,492,295
Other financing sources, net	7,251	-	7,251	182,222	182,222	(174,971)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	144,638	11,879	156,517	(810,807)	(1,160,807)	1,317,324
Balances beginning of year	5,054,780	(102,708)	4,952,072	4,487,141	4,487,141	464,931
Balances end of year	\$ 5,199,418	(90,829)	5,108,589	3,676,334	3,326,334	1,782,255

See accompanying independent auditor's report.

(1) Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2014, the District over-expended the instruction programs functional area by \$43,428. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$943,672 for the year ended June 30, 2014.

Supplementary Information

Schedule 1

Oskaloosa Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

		Special Revenue		
		Management Levy	Student Activity	Total
Assets				
Cash and pooled investments		\$ 709,239	330,196	1,039,435
Receivables:				
Property tax:				
Delinquent		6,602	-	6,602
Succeeding year		899,998	-	899,998
Total assets		\$ 1,615,839	330,196	1,946,035
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable		\$ -	5,820	5,820
Due to other funds		-	30,488	30,488
Total liabilities		-	36,308	36,308
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		899,998	-	899,998
Total deferred inflows of resources		899,998	-	899,998
Fund balances:				
Restricted for:				
Management levy purposes		715,841	-	715,841
Student activities		-	293,888	293,888
Total fund balances		715,841	293,888	1,009,729
Total liabilities, deferred inflows of resources and fund balances		\$ 1,615,839	330,196	1,946,035

See accompanying independent auditor's report.

Schedule 2

Oskaloosa Community School District**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****Year ended June 30, 2014**

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 800,911	-	800,911
Other	13,110	534,943	548,053
State sources	404	-	404
Total revenues	814,425	534,943	1,349,368
Expenditures:			
Current:			
Instruction:			
Regular	159,729	-	159,729
Other	-	616,497	616,497
Support Services:			
Student	6,746	-	6,746
Instructional staff	4,593	-	4,593
Administration	21,557	-	21,557
Operation and maintenance of plant	310,202	-	310,202
Transportation	33,924	-	33,924
Total expenditures	536,751	616,497	1,153,248
Excess (deficiency) of revenues over (under) expenditures	277,674	(81,554)	196,120
Fund balance beginning of year	438,167	375,442	813,609
Fund balance end of year	\$ 715,841	293,888	1,009,729

See accompanying independent auditor's report.

Schedule 3

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Fund Balance-Reg Not Spent	\$ 1,214	-	-	-	1,214
Senior High Drama	9,627	2,710	3,648	(2,500)	6,189
Debate	204	1,286	2,067	2,000	1,423
Senior High Vocal Spec Events	3,614	353	2,887	500	1,580
Instrumental	(6,570)	7,010	6,599	-	(6,159)
Senior High Band Spec Events	1,000	-	-	500	1,500
Special Girls Track	774	6,833	7,079	-	528
Senior High Cross Country	3,680	4,684	1,464	-	6,900
Special Cross Country	1,443	826	4,010	-	(1,741)
Bowling	2,362	1,143	1,214	-	2,291
Special Bowling	(60)	360	44	-	256
Dance and Drill	7,319	13,463	16,581	-	4,201
Boys Basketball	23,047	16,910	23,835	(5,000)	11,122
Football	26,485	51,554	79,602	20,000	18,437
Boys Soccer	3,806	4,048	5,520	-	2,334
Special Boys Soccer	1,670	2,944	2,384	-	2,230
Baseball	(693)	11,323	14,475	10,000	6,155
Boys Track	945	1,889	4,031	5,000	3,803
Boys Tennis	976	285	633	2,000	2,628
Special Boys Tennis	173	384	491	-	66
Boys Golf	1,648	796	3,058	1,000	386
Special Boys Golf	1,021	1,015	1,205	-	831
Wrestling	2,499	8,888	19,175	13,000	5,212
Girls Basketball	10,036	6,885	6,790	(5,000)	5,131
Girls Volleyball	8,695	5,148	5,891	-	7,952
Girls Soccer	3,288	3,249	4,395	1,000	3,142
Special Girls Soccer	2,821	2,732	1,694	-	3,859
Girls Softball	9,116	15,336	15,483	-	8,969
Girls Track	4,474	1,857	2,743	3,000	6,588
Girls Tennis	861	1,349	2,288	1,000	922
Special Girls Tennis	1,243	1,855	1,687	-	1,411
Girls Golf	8	363	145	350	576
Special Girls Golf	886	100	23	-	963
Strength/Conditioning	678	11,000	9,845	-	1,833
Senior High Annual	(305)	8,971	11,652	75	(2,911)
Junior High Activity Tickets	1,085	1,530	-	(2,200)	415
Senior High Thespians	253	1,492	1,615	500	630
Senior High Pep Club	(558)	8,491	1,354	-	6,579
Special Football	8,347	19,843	19,359	-	8,831
Senior High Student Council	2,015	34,731	33,743	-	3,003
Senior High Business Ed Part	12	-	-	-	12
Senior High Special Baseball	1,945	9,269	4,431	-	6,783
Oskaloosa Football Camp	2,863	11,888	11,388	-	3,363
Senior High Special Wrestling	9,476	3,558	4,170	-	8,864
Pepsi Rebate	4,520	-	-	-	4,520
Middle School Orchestra	3,803	825	3,739	-	889
Senior High Athletics	6,649	4,076	15,621	8,575	3,679

Schedule 3

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Senior High Band Repair Spec Events	(2,804)	-	-	-	(2,804)
Senior High Orchestra Repair	1,808	1,814	4,754	425	(707)
Senior High FFA	22,105	27,109	26,196	(75)	22,943
Senior High Forensics	596	-	-	-	596
Joe Gray Penmanship Award	341	-	-	-	341
Senior High The O	577	-	-	-	577
Senior High O Club	26,408	38,653	28,692	(26,000)	10,369
Sophomore Class	2,555	-	118	-	2,437
Junior Class	2,845	-	39	-	2,806
Senior Class	2,070	-	331	-	1,739
Storybook Players	5,229	6,918	7,602	-	4,545
Senior High World of Work	(617)	-	-	-	(617)
Senior High Project Write	965	159	-	-	1,124
Senior High Special Track	3,367	2,906	2,848	-	3,425
Senior High Work Program	13	-	-	-	13
Business M.O.C.	(914)	-	-	-	(914)
Senior High Spec Girls Basketball	607	4,697	4,266	-	1,038
Special Softball	8,989	13,748	13,809	-	8,928
Senior High Volleyball Camp	6,717	12,608	10,957	-	8,368
Senior High Choir Robes	133	-	-	-	133
Middle School Spec Activity Fund Raiser	13,883	16,973	17,685	200	13,371
Biology Lab	(165)	-	-	-	(165)
Chemistry Lab	(518)	-	-	-	(518)
S H Welding	(2,425)	-	875	-	(3,300)
Biology Field Trips	24	-	-	-	24
Special Events Change	(688)	1,550	1,550	-	(688)
Interest	17,817	743	9,007	-	9,553
Elementary Band	(429)	306	651	-	(774)
Middle School Science	(649)	-	3,376	-	(4,025)
Middle School Band Special Event	(3,944)	2,669	4,713	-	(5,988)
Middle School Band Uniforms	2,036	-	99	-	1,937
Middle School Annual	193	2,980	10	-	3,163
Senior High Activity Tickets	1,750	9,255	-	(10,350)	655
Senior High General Adm	8,508	14,772	25,588	-	(2,308)
Middle School Athletics	(1,088)	9,570	21,890	2,200	(11,208)
Middle School Student Council	6,993	6,552	2,057	(800)	10,688
Middle School Pep Club	2,551	-	-	-	2,551
Middle School Vocal Special Events	2,597	432	881	-	2,148
Middle School Orchestra Special Events	(520)	1,017	198	-	299
Middle School Special Events Band Repair	110	-	-	-	110
Senior High Home Fees	(423)	-	-	-	(423)
Athletic Adm Senior High	5,626	2,482	556	(2,000)	5,552
Athletic Pop Fund	22,019	2,556	1,564	(18,000)	5,011
Senior High Snack Machines	8,029	1,711	3,000	-	6,740
Senior High Pop Fund	3,470	9,790	9,780	-	3,480
Industrial Tech Module	87	-	-	-	87
Band Special Fund Raiser	506	-	-	-	506
Student Council Sign	184	-	-	-	184
Middle School Peer Helpers	353	3,474	3,045	500	1,282
FFA Vending	1,898	329	702	-	1,525

Schedule 3

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Freshman Class	2,450	-	38	-	2,412
Motivation Comm	288	-	-	-	288
Basketball Cheer	214	288	47	-	455
Robot Club	3,009	12,098	11,474	-	3,633
Wrestling Cheer	351	667	833	-	185
Book Club	297	-	-	-	297
Art Club	1,001	-	100	-	901
Middle School Drama	2,489	3,971	1,541	-	4,919
MS Special Wrestling FB	1,149	200	451	-	898
Elementary	20,852	11,865	12,634	-	20,083
Math Scholarship	105	-	-	-	105
Middle School Life Skills MD Special Olympics	929	-	-	-	929
HS Life Skills	61	-	-	-	61
Life Skills MD Secondary	240	-	-	-	240
Elementary Yearbooks	-	2,730	-	-	2,730
MS Special Supplies	1,141	221	460	-	902
MS Student Wellness	2,110	1,711	3,021	-	800
Middle School General Adm	3,424	4,903	9,963	100	(1,536)
Middle School At Risk Fund Raiser	(226)	-	23	-	(249)
Senior High Special Education	(1,079)	-	-	-	(1,079)
Dropout Prevention/Oasis Fund	125	-	-	-	125
Swimming	(416)	7,264	10,865	-	(4,017)
Academic Decathlon	(207)	-	-	-	(207)
MS Orchestra Special Trips	(35)	-	150	-	(185)
	<u>\$ 375,442</u>	<u>534,943</u>	<u>616,497</u>	<u>-</u>	<u>293,888</u>

See accompanying independent auditor's report.

Schedule 4

Oskaloosa Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 2,456,595	62,754	2,519,349
Receivables:			
Property tax:			
Current year delinquent	-	4,844	4,844
Succeeding year	-	597,348	597,348
Due from other governments	834,831	-	834,831
Total assets	\$ 3,291,426	664,946	3,956,372
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 240,952	-	240,952
Due to other funds	479,867	-	479,867
Total liabilities	720,819	-	720,819
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	597,348	597,348
Total deferred inflows of resources	-	597,348	597,348
Fund balances:			
Restricted for:			
Debt service	524,000	-	524,000
School infrastructure	2,046,607	-	2,046,607
Physical plant and equipment	-	67,598	67,598
Total fund balances	2,570,607	67,598	2,638,205
Total liabilities, deferred inflows of resources and fund balances	\$ 3,291,426	664,946	3,956,372

See accompanying independent auditor's report.

Schedule 5

Oskaloosa Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts
Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	588,235	588,235
Other	7,420	-	7,420
Intermediate sources	780,109	-	780,109
State sources	1,349,696	297	1,349,993
Total revenues	2,137,225	588,532	2,725,757
Expenditures:			
Instruction	85,340	-	85,340
Support Services:			
Instructional staff	15,394	3,549	18,943
Administration	2,580	500	3,080
Operation and maintenance of plant	28,638	2,433	31,071
Transportation	3,000	131,923	134,923
Other expenditures:			
Facilities acquisition	417,189	71,337	488,526
Total expenditures	552,141	209,742	761,883
Excess (deficiency) of revenues over (under) expenditures	1,585,084	378,790	1,963,874
Other financing (uses):			
Operating transfers out	(1,438,275)	(372,880)	(1,811,155)
Total other financing (uses)	(1,438,275)	(372,880)	(1,811,155)
Change if fund balances	146,809	5,910	152,719
Fund balances beginning of year	2,423,798	61,688	2,485,486
Fund balances end of year	\$ 2,570,607	67,598	2,638,205

See accompanying independent auditor's report.

Schedule 6

Oskaloosa Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2014

	Student Construction	School Nutrition	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ -	47,433	47,433
Accounts receivable	-	69	69
Due from other funds	-	397	397
Inventories	2,700	9,865	12,565
Capital assets, net of depreciation	-	126,708	126,708
Total assets	\$ 2,700	184,472	187,172
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,734	-	1,734
Salaries and benefits payable	-	73,874	73,874
Due to other funds	149,841	23,981	173,822
Total current liabilities	151,575	97,855	249,430
Noncurrent liabilities:			
Net OPEB liability	-	28,571	28,571
Total liabilities	151,575	126,426	278,001
Net Position			
Net investment in capital assets	-	126,708	126,708
Unrestricted	(148,875)	(68,662)	(217,537)
Total Net Position	\$ (148,875)	58,046	(90,829)

See accompanying independent auditor's report.

Schedule 7

Oskaloosa Community School District
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2014

	Student Construction	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	479,386	479,386
Sale of services	193,645	-	193,645
Total operating revenue	193,645	479,386	673,031
Operating expenses:			
Instructional programs:			
Regular	146,073	-	146,073
Support services:			
Administration	280	-	280
Operation and maintenance of plant	24,470	-	24,470
	170,823	-	170,823
Non-instructional programs:			
Food services operations:			
Salaries	-	334,620	334,620
Benefits	-	148,351	148,351
Purchased services	-	676	676
Supplies	-	723,256	723,256
Depreciation	-	24,521	24,521
	-	1,231,424	1,231,424
Total operating expenses	170,823	1,231,424	1,402,247
Operating gain (loss)	22,822	(752,038)	(729,216)
Non-operating revenue:			
Local sources	-	65	65
State sources	-	10,019	10,019
Federal sources	-	731,011	731,011
Total non-operating revenue	-	741,095	741,095
Changes in net position	22,822	(10,943)	11,879
Net position beginning of year	(171,697)	68,989	(102,708)
Net position end of year	\$ (148,875)	58,046	(90,829)

See accompanying independent auditor's report.

Schedule 8

Oskaloosa Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Student Construction	School Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	479,317	479,317
Cash received from miscellaneous operating activities	193,645	-	193,645
Cash payments to employees for services	-	(484,283)	(484,283)
Cash payments to suppliers for goods or services	(208,192)	(637,085)	(845,277)
Net cash provided (used) by operating activities	(14,547)	(642,051)	(656,598)
Cash flows from non-capital financing activities:			
State grants received	-	10,019	10,019
Federal grants received	-	644,426	644,426
Interfund loan	14,547	23,584	38,131
Net cash provided (used) by non-capital financing activities	14,547	678,029	692,576
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(5,478)	(5,478)
Cash flows from investing activities:			
Interest on investments	-	65	65
Net cash provided (used) by investing activities	-	65	65
Net increase (decrease) in cash and cash equivalents	-	30,565	30,565
Cash and cash equivalents at beginning of year	-	16,868	16,868
Cash and cash equivalents at end of year	\$ -	47,433	47,433
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ 22,822	(752,038)	(729,216)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
Commodities used	-	86,585	86,585
Depreciation	-	24,521	24,521
Decrease in inventory	100	533	633
(Increase) in accounts receivable	-	(69)	(69)
(Decrease) in accounts payable	(37,469)	(271)	(37,740)
(Decrease) in salaries and benefits payable	-	(6,766)	(6,766)
Increase in other post-employment benefits	-	5,454	5,454
Net cash provided (used) by operating activities	\$ (14,547)	(642,051)	(656,598)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$86,585 of federal commodities.

See accompanying independent auditor's report.

Oskaloosa Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 9,080,690	11,232,749	11,424,163	12,178,226	11,257,608	10,853,152	10,473,002	9,717,780	10,112,437	10,042,855
Tuition	499,988	403,849	411,532	455,341	367,093	464,849	430,670	370,602	299,511	326,404
Other	1,100,421	988,553	1,149,205	1,318,305	991,521	1,281,207	1,333,958	1,333,909	1,748,735	1,130,049
Intermediate sources	780,109	-	-	-	-	-	-	-	-	-
State sources	15,668,957	13,918,723	13,974,218	13,419,220	11,402,099	12,724,222	12,570,040	11,330,164	10,877,949	10,495,514
Federal sources	1,011,354	955,682	1,278,475	1,520,040	2,167,416	923,057	676,239	721,238	828,890	861,630
Total	\$ 28,141,519	27,499,556	28,237,593	28,891,132	26,185,737	26,246,487	25,483,909	23,473,693	23,867,522	22,856,452
Expenditures:										
Instruction:										
Regular	\$ 10,327,186	9,312,713	11,401,282	10,961,840	8,903,708	11,152,143	10,384,722	9,868,246	8,628,916	8,383,117
Special	3,184,371	3,260,109	3,275,577	3,563,746	2,997,637	3,406,674	3,388,218	3,020,880	2,563,071	2,565,959
Other	3,313,926	3,164,858	2,267,344	959,376	3,068,217	940,267	940,488	1,124,062	2,042,558	1,466,170
Support services:										
Student	888,208	893,712	845,203	994,417	968,129	724,780	1,066,298	1,054,735	1,057,412	969,415
Instructional staff	981,945	1,164,817	1,017,821	910,597	708,946	638,459	1,665,423	709,316	705,920	766,037
Administration	2,252,184	2,083,234	2,218,080	2,151,082	2,322,729	1,920,698	2,045,547	1,884,408	1,928,898	1,589,518
Operation and maintenance of plant	2,548,771	2,687,480	2,660,588	2,656,109	2,359,739	2,315,972	2,390,151	2,357,837	2,398,119	1,900,009
Transportation	1,264,188	1,154,055	1,062,812	1,101,265	1,222,923	1,108,991	862,566	866,161	873,562	658,792
Non-instructional programs	-	1,600	-	-	-	-	-	-	-	-
Other expenditures:										
Facilities acquisition	488,526	420,558	197,786	318,681	227,063	320,261	365,915	183,391	1,371,806	6,316,892
Long-term debt:										
Principal	1,719,638	1,631,068	2,784,182	8,974,842	4,920,000	3,955,112	5,295,000	1,795,000	1,615,000	1,315,000
Interest and other charges	91,517	130,038	170,783	433,766	522,988	741,553	775,626	795,514	925,121	854,809
AEA flowthrough	943,672	907,800	893,027	984,199	954,301	857,815	808,080	751,761	709,649	694,480
Total	\$ 28,004,132	26,812,042	28,794,485	34,009,920	29,176,380	28,082,725	29,988,034	24,411,311	24,820,032	27,480,198

See accompanying independent auditor's report.

Schedule 10

Oskaloosa Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 14	\$ 109,653
National School Lunch Program	10.555	FY 14	621,358
			<u>731,011</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 14	<u>503,040</u>
Special Education - Grants to States	84.027	FY 14	<u>7,023</u>
Career and Technical Education - Basic Grants to States	84.048	FY 14	<u>30,621</u>
Twenty-first Century Community Learning Centers	84.287	FY 14	<u>75,600</u>
Advanced Placement Program	84.330	FY 14	<u>78</u>
Improving Teacher Quality State Grants	84.367	FY 14	<u>96,622</u>
Grants for State Assessments and Related Activities	84.369	FY 14	<u>12,837</u>
Title I School Improvement Grants	84.377	FY 14	<u>7,652</u>
Area Education Agency (GPAEA):			
Special Education - Grants to States	84.027	FY 14	<u>122,785</u>
Title III English Language Acquisition State Grants	84.365	FY 14	<u>483</u>
U.S. Department of Health and Human Services:			
Iowa Department Of Education:			
AIDS Education	93.938	FY 14	<u>85</u>
Total			<u><u>\$ 1,587,837</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Oskaloosa Community School District for the year ended June 30, 2014. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$86,585 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of
Oskaloosa Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oskaloosa Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oskaloosa Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oskaloosa School District's Responses to the Findings

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Oskaloosa Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 29, 2014



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by OMB Circular A-133**

To the Board of Education of Oskaloosa Community School District:

Report on Compliance for Each Major Federal Program

We have audited Oskaloosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Oskaloosa Community School District's major federal programs for the year ended June 30, 2014. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oskaloosa Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Oskaloosa Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oskaloosa Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oskaloosa Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 29, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Oskaloosa Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-14 Certified Budget – Expenditures for the year ended June 30, 2014, exceeded the amended certified budget amount in the instruction functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We must also note that total expenditures were less than budgeted amounts.

Conclusion - Response accepted.

- IV-B-14 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Carl Drost, Board Member	Supplies	\$163
Drost Equipment		

None of the transactions appear to represent a conflict of interest and they appear to be in compliance with board policies.

Recommendation - The District may want to consult legal counsel to determine disposition of this matter.

Response - We will consider the need to consult legal counsel.

Conclusion - Response accepted.

- IV-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- IV-F-14 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-14 Certified Enrollment – Variances in the basic enrollment data certified to the Iowa Department of Education were noted.

Recommendation - The certified enrollment data should be corrected.

Response - The Iowa Department of Education and the Iowa Department of Management will be notified of the error.

Conclusion - Response accepted.

- IV-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- IV-I-14 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

- IV-J-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

Oskaloosa Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

IV-K-14 Deficit Balances - The Enterprise Fund-Student Construction had a deficit balance as of June 30, 2014. The Special Revenue Fund-Student Activity had several individual account deficit balances as of June 30, 2014.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

Conclusion - Response accepted.

IV-L-14 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-M-14 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	2,423,798
Revenues/transfers in:			
Sales tax revenues	\$	1,349,696	
Other local revenues		7,420	
Intermediate source revenues		780,109	2,137,225
			<u>4,561,023</u>
Expenditures/transfers out:			
Instruction		85,340	
Support services		49,612	
Facilities acquisition		417,189	
Transfers to other funds:			
Debt service funds		1,438,275	1,990,416
			<u>1,990,416</u>
Ending balance		\$	<u>2,570,607</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.